

# Intercept Capital Fund

## Monthly Letter

### June 2008

Intercept Capital recorded a post-fee return of +1.9% for the month of June 2008, taking the 12 month return to +11.2%. This compares with the 12 month UBS Australia Bank Bill Index return of +7.4%. Since inception on 31 March 2004, the Fund has produced an annualised post-fee return of +8.9% compared with an annualised return from the UBS Australia Bank Bill Index of +6.3%.

#### Performance

The Fund returned +1.85% (after fees) during the month of June 2008. This compares with a benchmark rate of return of +0.65% for the month (UBS Australia Bank Bill Index).

#### Portfolio Composition

At month end, 89% of the Fund was invested in 27 companies the manager identified as being undervalued. The Fund also included short sales in 27 companies that the manager believed were overvalued, totalling 77% of the Fund. No index positions were held this month.

	Based on Net Asset Value <sup>1</sup>	Based on Gross Asset Value <sup>2</sup>
Long Investments	89.4%	35.1%
Short Sales	(77.3%)	30.4%
Cash	87.9%	34.5%
Total	100.0%	100.0%

Note:

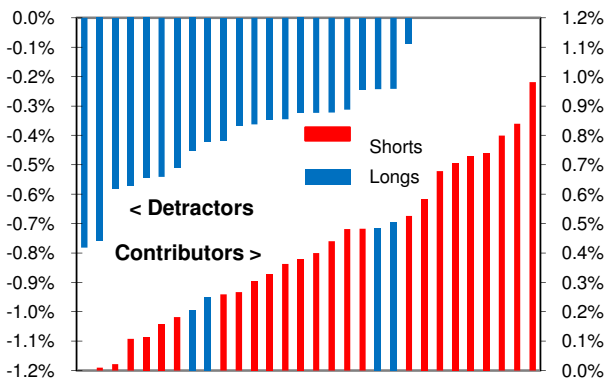
1. Net Asset Value basis shows long and short positions as being offsetting from a market risk perspective.
2. Gross Asset Value basis shows long and short positions as being additive from a market risk perspective.

#### Security Selection

Contributors outweighed detractors during the month. Contributors for the month included Warner Music Group Corp (short), a music content company, Unisys Corp (short), provider of information technology services and solutions, and Fairchild Semiconductor International (short), supplier of energy efficient semiconductor products. Despite a sharp market fall, there were four contributing longs.

All detractors for the month were longs; main detractors were Cisco Systems Inc (long), supplier of networking equipment and network management, Omnivision Technologies Inc (long), maker of image sensor devices, and Macrovision Corporation (long), developer of anti-piracy and content protection technologies.

The graph below shows performance contributors and detractors on a % of NAV basis, excluding the impact of currency, with shorts shown in red and longs in blue.

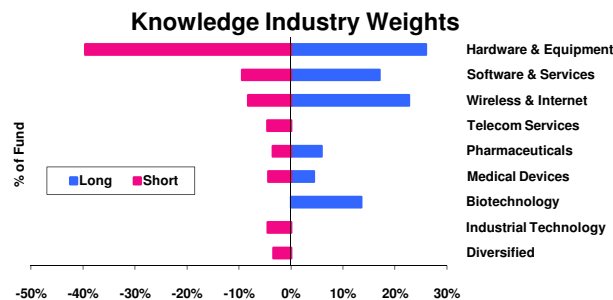


Note:

1. Not all holdings in chart were held for entire month.
2. Excludes contributions from any index positions

#### Industry Structure

During the month, the portfolio favoured Wireless & Internet, Biotechnology and Software & Services with small net positive weights in Pharmaceuticals and Medical Devices. Net short positions were held in Hardware & Equipment, Telecom Services, Industrial Technology and Diversified Technology. The following chart summarises the structure as at 30 June 2008:



#### Industry Overview

Global sharemarkets retraced the gains of recent months due to weakness in financial stocks and higher oil prices. Within the knowledge industries, health care outperformed while telecom underperformed.

According to Technology Review, Facebook receives 15 million requests per second and has now moved ahead of MySpace as the largest social networking site globally.

China has restructured its telecom industry around three providers, China Mobile, China Telecom and China Netcom. China has around 575 million mobile subscribers with penetration in excess of 40%.

NPD Group reports that the best selling video game in May 2008 was Grand Theft Auto IV which sold 871,000 Microsoft Xbox and 443,000 Sony Playstation units, but this has not translated into higher console sales.

Automotive icon Gordon Murray has headed a project to design a vehicle with less than half average CO2 emissions and fuel consumption, uses recycled material, packs flat for transport, has re-usable components, parks 3 cars to a standard parking space and has better power to weight ratio than a standard luxury sedan.

#### Unit Prices (Inception 31 Mar 2004)

	Application Price	Net Tangible Assets	Redemption Price	Distribution
30 Jun 2008	\$1.0053	\$1.0023	\$0.9993	\$0.0297
31 Dec 2007	\$1.0158	\$1.0127	\$1.0097	
30 Jun 2007	\$0.9307	\$0.9278	\$0.9250	\$0.0431
31 Dec 2006	\$0.9978	\$0.9948	\$0.9918	
30 Jun 2006	\$0.9161	\$0.9134	\$0.9107	\$0.0185
30 Dec 2005	\$0.8758	\$0.8732	\$0.8706	
30 Jun 2005	\$0.9568	\$0.9525	\$0.9482	\$0.0000
31 Dec 2004	\$0.9180	\$0.9138	\$0.9097	
30 Jun 2004	\$0.8943	\$0.8903	\$0.8863	\$0.0000
31 Mar 2004	\$0.7706	\$0.7671	\$0.7637	

Note: June prices are shown after impact of annual distribution.

#### Enquiries

A copy of the Fund's Product Disclosure Statement is available at [www.techinvest.com.au](http://www.techinvest.com.au) or by contacting the Fund's Responsible Entity, Equity Trustees Limited, on (03) 8623 5000. Registry enquiries should be made to Computershare on 1300 553 481 or via email to [TechInvest@computershare.com.au](mailto:TechInvest@computershare.com.au).

**Important Information.** Past performance is not a reliable indicator of future performance. This Monthly Letter does not constitute an offer or solicitation of an offer to purchase units in the TI Intercept Capital Fund.